

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Clinton Township	County Oscoda
Fiscal Year End 3/31/06	Opinion Date 6/8/06	Date Audit Report Submitted to State 7/10/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	None- no items to disclose		
Other (Describe)	<input type="checkbox"/>	None-not applicable		
Certified Public Accountant (Firm Name) Robertson & Carpenter CPAs, P.C.		Telephone Number 989-826-5442		
Street Address P.O. Box 308		City Mio	State MI	Zip 48647
Authorizing CPA Signature		Printed Name Robert J. Carpenter		License Number 1101008247

**Clinton Township
Oscoda County, Michigan
Financial Report
With Supplemental Information
March 31, 2006**

Clinton Township

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INDEPENDENT AUDITOR'S REPORT

Township Board
Clinton Township
Oscoda County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clinton Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Township as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on page 2 through page 7 and page 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Robertson & Carpenter P.C.
Certified Public Accountants
June 8, 2006

Management's Discussion and Analysis

As management of Clinton Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$411,406 (*net assets*). Of this amount, \$83,058 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations
- The Township's total net assets increased by \$18,662.
- As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$83,058, a decrease of (\$4,711) in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$83,058 or 68% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, culture and recreation, and other. The Township does not have any business-type activities as of and for the year ended March 31, 2006.

The Government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The Township adopts an annual appropriated budget for its governmental fund. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-19 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded its liabilities by \$411,406 at the close of the most recent fiscal year.

A portion of the Township's net assets (80%) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Assets

	Governmental	Activities
	March 31, 2006	March 31, 2005
Current and Other Assets	83,313	89,953
Capital Assets, Net	328,348	304,975
Total Assets	411,661	394,928
Current Liabilities	255	2,184
Long Term Liabilities	-0-	-0-
Total Liabilities	255	2,184
Net Assets:		
Invested in Capital Assets, Net of Related Debt	328,348	304,975
Unrestricted	83,058	87,769
Total Net Assets	411,406	392,744

The Township's net assets increased by \$18,662 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, decreased by (\$4,711) or 25%, during fiscal year 2006.

Township's Changes in Net Assets

	<u>Governmental</u> March 31, 2006	<u>Activities</u> March 31, 2005
Revenue:		
Program Revenue:		
Charges for services	16,678	9,698
Operating Grants and Contributions	-0-	-0-
General Revenue:		
Property Taxes	37,508	36,988
State-Shared Revenues	45,103	47,625
Interest and Rent Earnings	3,238	2,519
Other	14,585	1,145
Total Revenue	117,112	97,975
Expenses:		
General Government	51,450	68,885
Public Safety	15,565	13,142
Public Works	14,554	13,855
Culture and Recreation	6,084	3,761
Other	10,797	1,073
Total Expenses	98,450	100,716
Increase in Net Assets	18,662	2,741
Net Assets, Beginning of Year	392,744	390,003
Net Assets, End of Year	411,406	392,744

Governmental activities. The Township's total governmental revenues increased by \$19,137 from last fiscal year. This was primarily attributed to additional revenue from donations for the streetscape project. Expenses increased by \$490.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$83,058, a decrease of (\$4,711) in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount or \$83,058.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 68% and total fund balance represents 68% of total general fund expenditures.

The fund balance of the General Fund decreased by (\$4,711) during the current fiscal year.

Governmental Funds Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted fund is the General Fund. The General Fund budget was amended during the year.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounted to \$328,348 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$31,232 for the fiscal year.

Township's Capital Assets (net of depreciation)

	<u>March 31, 2006</u>	<u>March 31, 2005</u>
Land	55,875	55,610
Land Improvements	8,496	-0-
Buildings	139,488	143,647
Equipment	2,318	1,595
Buildings - Firehall	36,309	37,346
Land Improvements - Park	7,851	8,374
Buildings - Park	56,837	58,403
Infrastructure	21,174	-0-
Total	<u>328,348</u>	<u>304,975</u>

Additional information on the Township's capital assets can be found in note 5 on page 18 of this report.

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2006-2007 fiscal year:

- The State of Michigan has made significant cuts in their operating budgets due to a downturn in the economy. The Township did receive slightly more in State Shared Revenues this year than the prior fiscal year, however, the increase was less than expected based on previous history. For 2005-2006, the Township received \$34,938 in state shared revenue, representing 29% of the revenues in the General Fund. The Township only expects to receive a slight increase in State Shared Revenue in the future. The Streetscape project was not quite complete at March 31, 2006, however a much smaller amount has been budgeted (\$5,000) for the 2006-07 year. Our budgets were prepared with these factors in mind and will need to be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Clinton Township
P.O. Box 168
Comins, Michigan 48619

Basic Financial Statements

Clinton Township
Statement of Net Assets
March 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 74,626
Receivables: (Note 4)	
Other	-
Intergovernmental	8,672
Due from Fiduciary Fund	15
Capital assets-net (Note 5)	<u>328,348</u>
Total assets	<u>411,661</u>
 Liabilities	
Current Liabilities:	
Accounts payable	<u>255</u>
Total current liabilities	<u>255</u>
Total liabilities	<u>255</u>
 Net Assets	
Invested in capital assets, net of related debt	328,348
Unrestricted	<u>83,058</u>
Total net assets	<u>\$ 411,406</u>

See accompanying notes to financial statements.

Clinton Township
Statement of Activities
Year Ended March 31, 2006

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
General government	\$ 51,450	\$ 16,678	\$ -	\$ (34,772)
Public safety	15,565	-	-	(15,565)
Public works	14,554	-	-	(14,554)
Recreation & culture	6,084	-	-	(6,084)
Other	10,797	-	-	(10,797)
Total governmental activities	\$ 98,450	\$ 16,678	\$ -	(81,772)
General Revenues:				
Property taxes				37,508
State-shared revenues				45,103
Interest and investment earnings				3,238
Other				14,585
Total general revenues				100,434
Change in Net Assets				18,662
Net assets - beginning of year				392,744
Net assets - end of year				\$ 411,406

Amounts reported for governmental activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (4,711)
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	\$ (7,859)
Capital outlay	31,232
	23,373
Change in Net Assets of Governmental Activities	\$ 18,662

See accompanying notes to financial statements.

Clinton Township
Governmental Funds
Balance Sheet
March 31, 2006

	General Fund
Assets	
Cash and cash equivalents	\$ 74,626
Due from other funds	15
Due from other governmental units	8,672
Total assets	<u>\$ 83,313</u>
Liabilities	
Accounts payable	\$ 255
Due to other funds	-
Total liabilities	<u>255</u>
Fund balances	
Unreserved:	
Undesignated:	
General Fund	83,058
Total fund balances	<u>83,058</u>
 Total liabilities and fund balances	 <u>\$ 83,313</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund Balances - Total Governmental Funds	\$ 83,058
Elimination of due to and due from governmental funds	
Due to	-
Due from	-
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	390,227
Accumulated depreciation is	(61,879)
 Net Assets of Governmental Activities	 <u>\$ 411,406</u>

See accompanying notes to financial statements.

Clinton Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2006

	General Fund
Revenues	
Taxes and penalties	\$ 37,508
State grants	45,103
Charges for services	15,313
Interest and rentals	4,603
Other revenue	14,585
Total revenues	<u>117,112</u>
Expenditures	
Current:	
General government	46,717
Public safety	14,528
Public works	14,554
Recreation & culture	3,995
Other	10,797
Capital outlay	31,232
Total expenditures	<u>121,823</u>
Excess of Revenues Over (Under) Expenditures	(4,711)
Fund balance - April 1, 2005	<u>87,769</u>
Fund balance - March 31, 2006	<u><u>\$ 83,058</u></u>

See accompanying notes to financial statements.

Clinton Township
Fiduciary Funds
Statement of Net Assets
March 31, 2006

	Agency Fund Type (Property Tax Collection Fund)
Assets	
Cash	\$ 880
Due from other funds	-
Total assets	<u>\$ 880</u>
Liabilities	
Due to other funds	\$ 15
Due to other governments	<u>865</u>
Total liabilities	<u>880</u>
Net Assets	<u>\$ -</u>

See accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Clinton Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Township:

Reporting Entity

The Township is governed by an elected five member Township Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the Township does not contain any component units.

Government-wide and Fund Financial Statements

The Government-side financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Additionally, the Township reports the following funds:

The Tax Collection Fund accounts for property taxes collected and disbursed to other taxing authorities by the Township as required by law.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all taxes.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Clinton Township
Notes to Financial Statements
March 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2005 taxable value of the Township was \$30,241,3086. The 2005 tax levy was .8853 mills for general operating purposes raising \$26,723 for general operating purposes.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Land Improvements	20 years
Buildings and additions	20-50 years
Equipment	5-20 years

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no township employees are provided with sick or vacation pay benefits.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. The Township did not have a reserved fund balance at March 31, 2006. Designations of fund balance represent tentative management plans that are subject to change. The Township did not have a designated fund balance at March 31, 2006.

Clinton Township
Notes to Financial Statements
March 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township adopt its budgets by April 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Townships to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

Note 2 - Stewardship, Compliance and Accountability

Excess of expenditures over appropriations in budgeted funds:

The Township incurred expenditures in excess of amounts budgeted as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Clerk	\$ 7,840	\$ 8,094	\$ 254
Treasurer	9,475	9,601	126
Recreation & Culture - Community Center	1,450	2,382	932

Clinton Township
Notes to Financial Statements
March 31, 2006

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has designated two financial institutions for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

Clinton Township's deposits and investment policy are in accordance with statutory authority.

Clinton Township has not revised its investment policy to conform to Governmental Accounting Standards Board Statement #40.

At year-end, Clinton Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Township Total
Cash and cash equivalents	\$ 74,626	\$ 880	\$ 75,506
Investments (CD's)	-	-	-
Total	<u>\$ 74,626</u>	<u>\$ 880</u>	<u>\$ 75,506</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking, savings and CDs)	\$ 75,506
Investments (CD's)	-
	<u>\$ 75,506</u>

The deposits of the Township were reflected in the accounts of one financial institution, of which \$75,506 is covered by federal depository insurance.

Note 4 - Receivables

Receivables as of year-end for the Township's major funds and fiduciary funds in the aggregate, including applicable allowances of uncollectible accounts, are as follows:

Receivables:	General Fund	Tax Coll. Fund	Total
Other	\$ -	\$ -	\$ -
Intergovernmental	8,672	-	8,672
	<u>\$ 8,672</u>	<u>\$ -</u>	<u>\$ 8,672</u>

Clinton Township
Notes to Financial Statements
March 31, 2006

Note 4 - Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Township did not have any deferred revenue.

Note 5 - Capital Assets

Capital assets activity of the Township's Governmental activities were as follows:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Capital assets not being depreciated:				
Land	\$ 55,610	\$ 265	\$ -	\$ 55,875
Capital assets being depreciated:				
Land improvements	-	8,496	-	8,496
Buildings	187,126	-	-	187,126
Equipment	1,679	1,297	-	2,976
Buildings - Firehall	41,466	-	-	41,466
Park - Land improvements	10,467	-	-	10,467
Park - Buildings	62,647	-	-	62,647
Infrastructure	-	21,174	-	21,174
Subtotal	<u>303,385</u>	<u>30,967</u>	<u>-</u>	<u>334,352</u>
Accumulated Depreciation				
Land improvements	-	-	-	-
Buildings	43,479	4,159	-	47,638
Equipment	84	574	-	658
Buildings - Firehall	4,120	1,037	-	5,157
Park - Land improvements	2,093	523	-	2,616
Park - Buildings	4,244	1,566	-	5,810
Infrastructure	-	-	-	-
Subtotal	<u>54,020</u>	<u>7,859</u>	<u>-</u>	<u>61,879</u>
Net capital assets being depreciated	<u>249,365</u>	<u>23,108</u>	<u>-</u>	<u>272,473</u>
Governmental Activities				
Total Capital Assets net of Depreciation	<u>\$ 304,975</u>	<u>\$ 23,373</u>	<u>\$ -</u>	<u>\$ 328,348</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 4,733
Public Safety	1,037
Recreation & cultural	2,089
Infrastructure	-
Total governmental activities	<u>\$ 7,859</u>

Clinton Township
Notes to Financial Statements
March 31, 2006

Note 6 - Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>		Amount
General Fund	\$	15	Tax Collection Fund	\$ 15
Total	\$	<u>15</u>	Total	\$ <u>15</u>
<u>Transfers In</u>			<u>Transfers Out</u>	
None	\$	<u>-</u>	None	\$ <u>-</u>

Note 7 - Risk Management

Clinton Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 8 - Pension Plan

Clinton Township provides pension benefits for all employees that earn in excess of \$450 per year through a defined contribution plan. The plan is a Simplified Employee Pension (SEP) plan administered through First Bank. The retirement benefits in a defined contribution plan depend solely on amounts contributed to the plan plus investment earnings. The Township contributes 8% of the employee's earnings. The plan does not allow the employees to make contributions. The Township's contributions are vested upon payment to the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The Township's total payroll for the year ended March 31, 2006 was \$35,812. The Township's contribution of 8% to the plan was computed on eligible wages of \$34,5117. The Township deposited the required amount of \$2,761,

No pension provision changes occurred during the year that affected the required contributions to be made by the Township. The plan held no securities of the Township or other related parties during the year or at the close of the fiscal year.

Required Supplemental Information

Clinton Township
Budgetary Comparison Schedule - General Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	2005	2005	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ 79,593	\$ 79,593	\$ 87,769	\$ 8,176
Resources (Inflows)				
Taxes and fees	36,838	36,838	37,508	670
State grants	40,400	40,400	45,103	4,703
Charges for services	14,000	14,000	15,313	1,313
Interest and rentals	2,500	2,500	4,603	2,103
Other	10,000	10,000	14,585	4,585
Amounts available for appropriation	<u>183,331</u>	<u>183,331</u>	<u>204,881</u>	<u>21,550</u>
Charges to Appropriations (Outflows)				
General government	60,615	58,423	46,717	(11,706)
Public safety	13,293	14,535	14,528	(7)
Public works	16,235	16,235	14,554	(1,681)
Recreation & culture	2,680	3,630	3,995	365
Other	11,375	11,375	10,797	(578)
Capital outlay	35,300	35,300	31,232	(4,068)
Total charges to appropriations	<u>139,498</u>	<u>139,498</u>	<u>121,823</u>	<u>(17,675)</u>
Fund Balance - end of year	\$ <u>43,833</u>	\$ <u>43,833</u>	\$ <u>83,058</u>	\$ <u>39,225</u>

Supplemental Information

Clinton Township
General Fund
Statement of Revenues - Budget and Actual
Year Ended March 31, 2006

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
TAXES:			
Property taxes	\$ -	\$ 26,659	\$ -
Property tax administration	-	10,849	-
TOTAL TAXES	<u>36,838</u>	<u>37,508</u>	<u>670</u>
STATE GRANTS:			
State shared revenues	-	34,938	-
Swamp tax	-	8,410	-
Metro Act	-	1,755	-
TOTAL STATE GRANTS	<u>40,400</u>	<u>45,103</u>	<u>4,703</u>
CHARGES FOR SERVICES:			
Cemetery lots	-	1,600	-
Cemetery grave openings	-	1,850	-
Property splits	-	180	-
Transfer site fees	-	8,996	-
Summer tax collection	-	2,587	-
Park usage fees	-	100	-
TOTAL CHARGES FOR SERVICES	<u>14,000</u>	<u>15,313</u>	<u>1,313</u>
INTEREST AND RENTALS:			
Interest	-	3,238	-
Rent - Townhall	-	1,365	-
TOTAL INTEREST AND RENTALS	<u>2,500</u>	<u>4,603</u>	<u>2,103</u>
OTHER REVENUE			
Reimbursements	-	1,489	-
Donations	-	13,096	-
TOTAL OTHER REVENUE	<u>10,000</u>	<u>14,585</u>	<u>4,585</u>
TOTAL REVENUES	\$ <u>103,738</u>	\$ <u>117,112</u>	\$ <u>13,374</u>

Clinton Township
General Fund
Statement of Expenditures - Budget and Actual
Year Ended March 31, 2006

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Legislative			
Trustee wages	\$ -	\$ 1,260	\$ -
Meetings	-	1,460	-
Printing & publishing	-	52	-
Dues	-	503	-
Miscellaneous	-	421	-
Contingency	-	-	-
Total Legislative	<u>11,747</u>	<u>3,696</u>	<u>8,051</u>
Supervisor			
Salary	-	13,320	-
Meetings	-	120	-
Supplies	-	6	-
Postage	-	351	-
Travel & seminars	-	62	-
Total Supervisor	<u>14,090</u>	<u>13,859</u>	<u>231</u>
Clerk			
Salary	-	6,300	-
Deputy clerk wages	-	106	-
Meetings	-	120	-
Supplies	-	543	-
Postage	-	48	-
Software support	-	778	-
Travel	-	199	-
Total Clerk	<u>7,840</u>	<u>8,094</u>	<u>(254)</u>
Audit	<u>300</u>	<u>136</u>	<u>164</u>
Board of Review			
Wages	-	495	-
Travel & seminars	-	-	-
Total Board of Review	<u>600</u>	<u>495</u>	<u>105</u>
Treasurer			
Salary	-	7,560	-
Deputy wages	-	10	-
Meetings	-	90	-
Supplies	-	252	-
Postage	-	1,085	-
Software support	-	522	-
Travel & seminars	-	82	-
Total Treasurer	<u>9,475</u>	<u>9,601</u>	<u>(126)</u>

Clinton Township
General Fund
Statement of Expenditures - Budget and Actual
Year Ended March 31, 2006

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT (Continued)			
Equalization	\$	\$	\$
Contracted services	4,500	3,782	718
Cemetery			
Wages	-	521	-
Sexton	-	600	-
Burials	-	1,550	-
Total Cemetery	2,851	2,671	180
Townhall			
Wages	-	639	-
Supplies	-	547	-
Snow removal	-	245	-
Telephone	-	494	-
Electric	-	793	-
Heat	-	1,425	-
Total Townhall	6,020	4,143	1,877
Attorney	1,000	240	760
TOTAL GENERAL GOVERNMENT	58,423	46,717	11,706
PUBLIC SAFETY			
Fire Department			
Firehall maintenance	\$ -	\$ 35	\$ -
Fire protection contract	-	13,360	-
Snow removal	-	120	-
Electricity	-	98	-
Heat	-	915	-
TOTAL PUBLIC SAFETY	14,535	14,528	7
PUBLIC WORKS			
Street lights	2,500	2,216	284
Roads	3,000	2,107	893
Transfer Site:			
Wages	-	2,624	-
Contracted services	-	7,190	-
Snow removal	-	245	-
Heat	-	37	-
Recycle expense	-	135	-
Total Transfer Site	10,735	10,231	-
TOTAL PUBLIC WORKS	16,235	14,554	1,681

Clinton Township
General Fund
Statement of Expenditures - Budget and Actual
Year Ended March 31, 2006

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
RECREATION & CULTURE			
Park			
Wages - Park	-	1,164	-
Wages - Ballfield	-	47	-
Wages - Caboose	-	116	-
Electric	-	103	-
Grandstand repairs	-	53	-
Total Park	<u>2,050</u>	<u>1,483</u>	<u>567</u>
Steiner Museum	<u>130</u>	<u>130</u>	<u>-</u>
Community Center			
Snow removal	-	245	-
Electricity	-	601	-
Heat	-	1,536	-
	<u>1,450</u>	<u>2,382</u>	<u>(932)</u>
TOTAL RECREATION & CULTURE	<u>3,630</u>	<u>3,995</u>	<u>(365)</u>
OTHER			
Insurance	6,600	6,260	340
Retirement expense	3,575	3,396	179
Payroll taxes	1,200	1,141	59
TOTAL OTHERS	<u>11,375</u>	<u>10,797</u>	<u>578</u>
CAPITAL OUTLAY			
Clerk	-	1,297	-
Townhall	-	8,496	-
Public works - streetscape	-	21,439	-
TOTAL CAPITAL OUTLAY	<u>35,300</u>	<u>31,232</u>	<u>4,068</u>
TOTAL EXPENDITURES	<u>\$ 139,498</u>	<u>\$ 121,823</u>	<u>\$ 17,675</u>

Clinton Township
Statement of Changes in Assets and Liabilities
All Agency Funds
March 31, 2006

Current Tax Collection Fund				
	Balance April 1, 2005	Additions	Deductions	Balance March 31, 2006
Assets				
Cash	\$ <u>70</u>	\$ <u>1,003,924</u>	\$ <u>1,003,114</u>	\$ <u>880</u>
Liabilities				
Due to other funds	\$ 70	\$ 27,026	\$ 27,081	\$ 15
Due to county	-	413,509	413,509	-
Due to schools	-	559,918	559,918	-
Due to State	-	865	-	865
Refunds	<u>-</u>	<u>2,606</u>	<u>2,606</u>	<u>-</u>
Total liabilities	\$ <u>70</u>	\$ <u>1,003,924</u>	\$ <u>1,003,114</u>	\$ <u>880</u>